



AUSTRALIA

Australia and the United States A Free Trade Agreement

Australia and the United States have been strategic allies and economic partners for more than half a century. Negotiation of a bilateral Free Trade Agreement is an important new step in our shared history.

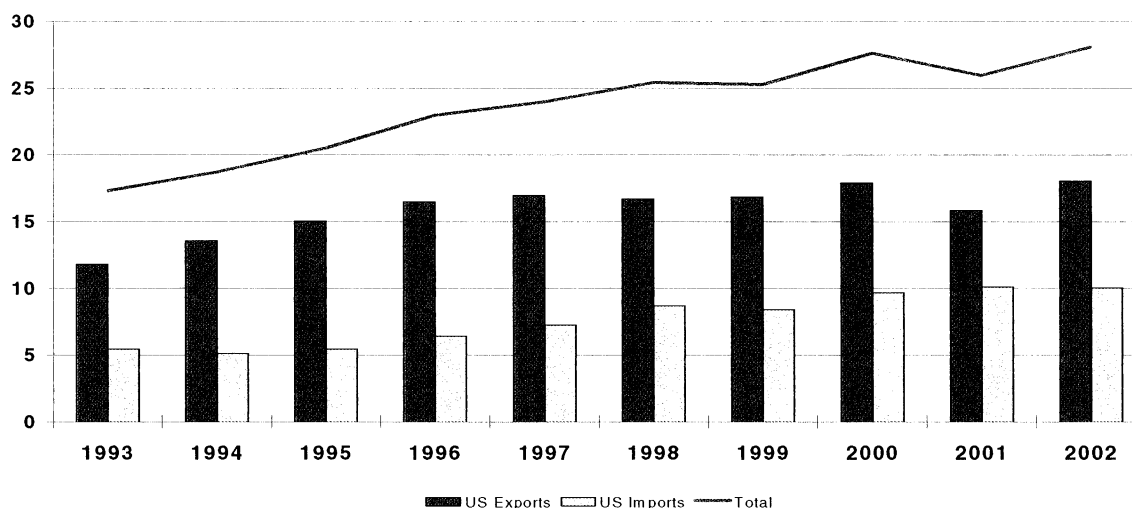
- Of all the countries with which the United States could realistically negotiate a free trade agreement, Australia is the largest, fastest growing, and the most open. An FTA will have positive benefits for business and exporters -it will show what Trade Promotion Authority can really deliver.
- An FTA with Australia will strengthen the global trading system by serving as a catalyst in the current Doha global trade round. It will set high standards for multilateral trade liberalisation.
- As major agricultural producers and traders, Australia and the United States share interests in liberalising agricultural markets globally. Australia leads the Cairns group bloc of agricultural exporting nations. Our mutual interests are strengthened through bilateral trade and investment in agriculture.

Australian/US Trade: Substantial and Growing

- The United States is Australia's single largest trade and investment partner.
- Trade between Australia and the US is valued at \$28 billion.
- Australia is the 13th largest export market for the US which has a \$6.6 billion merchandise trade *surplus* with Australia - its second largest.
- The US is the largest source of foreign investment in Australia with assets worth \$135 billion. Australia is the 8th largest foreign investor in the US.
- Australian companies provide jobs for 85,000 American workers.

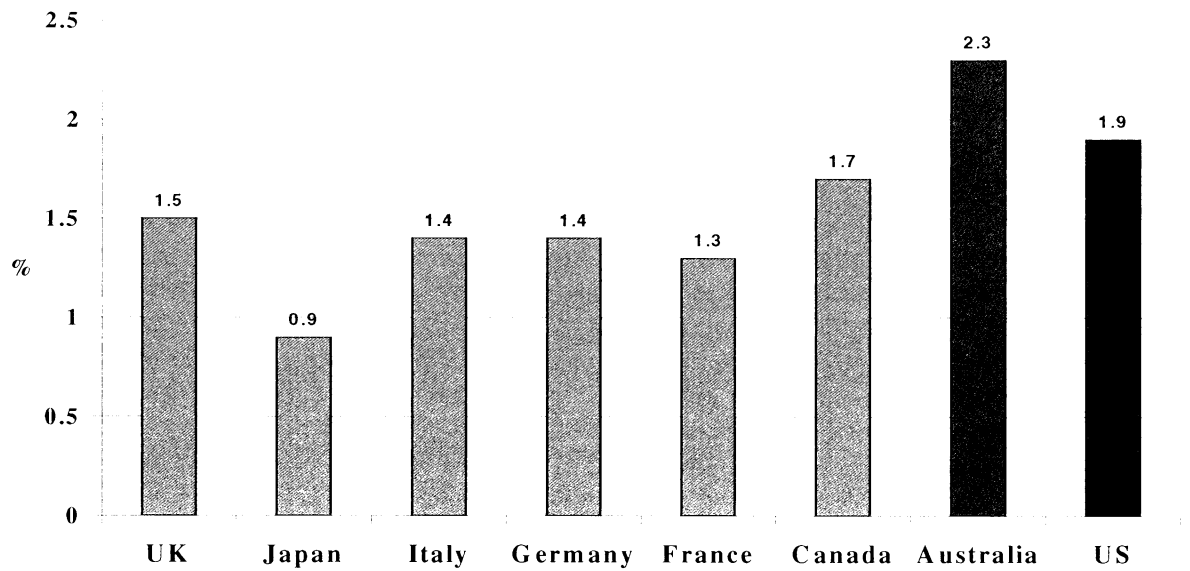
US - Australia Total Trade (Goods and Services)

\$US Billions



Source: US Department of Commerce

Average annual labour productivity growth 1992 - 2002



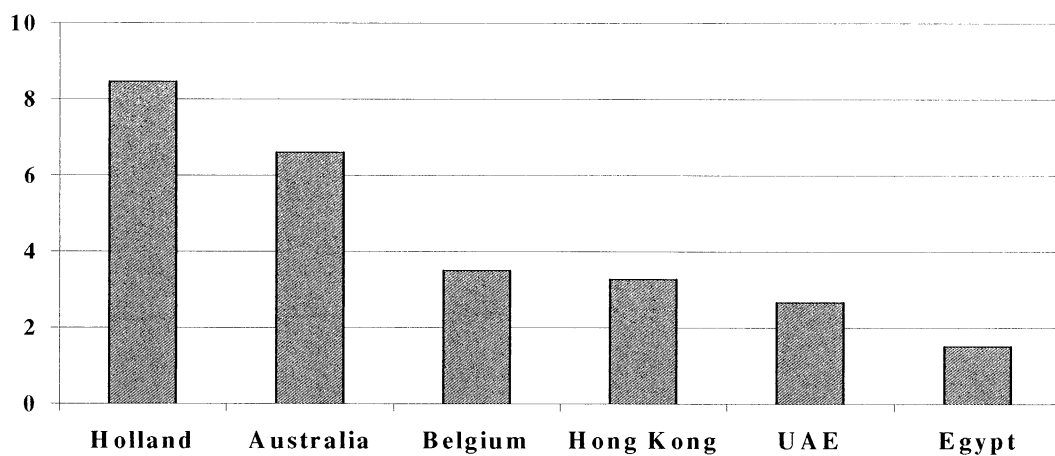
Source: OECD

Trade with Australia is good for US States

Most US states export to Australia. For 44 states, Australia is among the top 20 export destinations. For 13 states, Australia is among the top 10 export destinations. These states include Hawaii, Iowa, Illinois, Indiana, Kansas, Maine, Michigan, Missouri, North Dakota, Nebraska, Nevada, Washington and Wisconsin.

US Merchandise Trade Surpluses 2002

\$US Billions



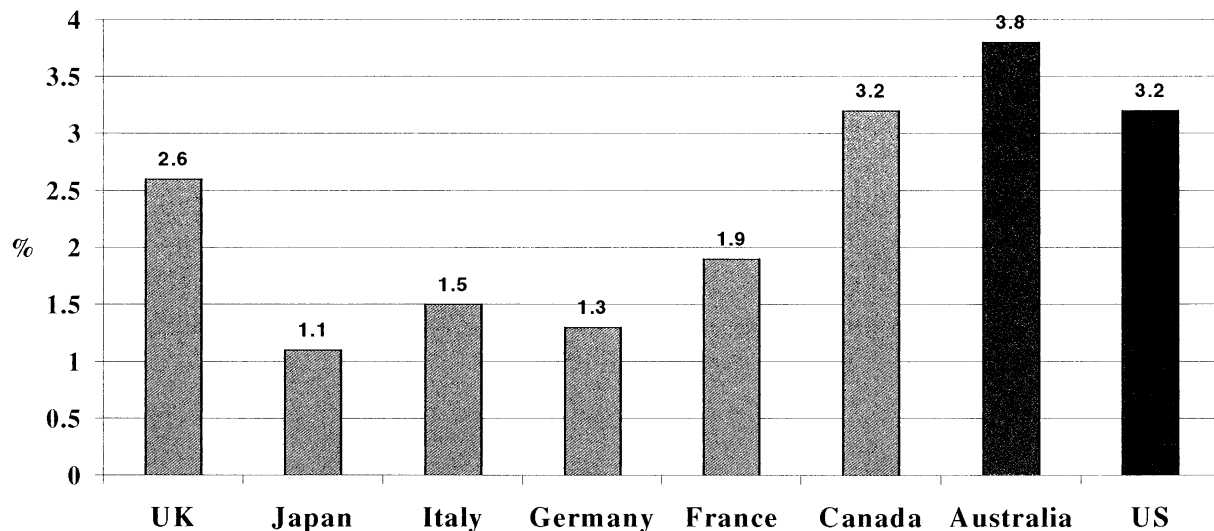
Source: OECD

The Australian Economy

- ⇒ Australia's economy has been the fastest growing in the developed world for the past decade with an average annual rate of growth of 3.8 per cent.
- ⇒ It had the strongest economic growth in 2002 - almost twice the OECD average.
- ⇒ Strong growth will continue for the next couple of years: 3.25 per cent in 2003, and 3.75 percent in 2004.
- ⇒ In its 2003 Economic Survey of Australia, the OECD declared that Australia was "one of the best performers in the OECD".
- ⇒ Australia is the world's 15th largest economy, and the 4th largest in Asia. It is ranked 7th in the world on GDP per capita.
- ⇒ Australia has an impressive record of policy reform - open markets, and deregulation of key sectors, as well as tax and labour market reforms.
- ⇒ Overall, productivity gains in Australia during the 1990s outstripped the US with average growth of 2.7 per cent.
- ⇒ Business investment rose by 19 per cent in 2002 and is forecast to remain strong in 2003.

"To a visitor from the northern hemisphere, Australia is like another planet. Not only does the sun shine there much more at this time of year, but even as the economies of America, Europe and Japan appear to be stumbling for the second time in less than three years, Australia continues to boom." The Economist, March 8th, 2003

Average Annual GDP Growth 1992-2002



Source: OECD and National Statistical Agencies

Doing business with Australia

Caterpillar, headquartered in Peoria, Illinois, is a leading manufacturer of construction and mining equipment and a major U.S. exporter. Australia ranks as the third largest export market for Caterpillar. Caterpillar of Australia Pty Ltd. has manufacturing, marketing and financial services operations in Australia. Caterpillar's presence in Australia provides regional suppliers broad distribution throughout the country. Moreover, Caterpillar of Australia exports to New Zealand, Papua New Guinea, and the South Pacific. In February 2003, Caterpillar announced a five-year global alliance with Australian firm BHP Billiton, the world's largest mining company. Caterpillar will supply BHP Billiton with an estimated \$1.5 billion in equipment and support.

The Boeing Company is the world's largest aerospace company and the United States' leading exporter. Boeing Australia Limited is an integral part of the Boeing global organization. Boeing has been involved in Australian aircraft and defence businesses since 1937 and currently has operations in 13 locations around the country, comprising Boeing's largest employee base outside of the U.S. Over the past ten years, Boeing has exported about \$900 million worth of aerospace components from Australia.

General Electric is one of the world's biggest manufacturing and financial services companies with operations in more than 100 countries. GE has a strong and broad presence in Australia. GE Capital is the largest provider of mortgage insurance in Australia and has issued over three million credit cards in the country. GE Aircraft engines power three quarters of the commercial aircraft in Australia. Also, more than half the medical diagnostic equipment used in Australia are GE products.

A free trade nation

Australia is committed to free trade and market liberalisation and has a common objective with the US of freeing up global trade. A free trade agreement between Australia and the US will help to set the pace and standards for global trade liberalisation through the World Trade Organisation.

Australia has recently concluded an FTA with Singapore and is negotiating a bilateral agreement with Thailand. It has a Closer Economic Relationship (CER) agreement with New Zealand, and is an active member of regional and international forums such as APEC.

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